

Jejak Artikel:

Unggah: 8 Desember 2023;

Revisi: 9 Desember 2023;

Diterima: 10 Desember 2023;

Tersedia online: 10 Desember 2023

**Analysis of Leadership and Work Environment Employee Performance
Through Job Satisfaction as an Intervening
(Case Study at the Tirta Kampar Drinking Water Company Company)**

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Regional Drinking Water Company Owned Business Entity which provides clean Water Company for the public of Kampar Regency. Providing services to the community requires maximum employee performance so that community satisfaction is achieved. This study aims to identify and analyze the direct influence of leadership and the work environment on employee performance, to identify and analyze the indirect influence of leadership and the work environment on employee performance through job satisfaction, and to identify and analyze the influence of satisfaction on employee performance. The sample study are all employees of the Regional Drinking Water Company Company of Kampar Regency, totaling 76 people. The analysis method using the SEM obtained through the Smart PLS. The findings are: 1) there is no significant direct influence of leadership variables on employee performance. 2) The work environment has a direct and significant effect on employee performance. 3) Leadership is proven to have a significant indirect effect on employee performance through job satisfaction. 4) The work environment is proven to have a significant indirect influence on employee performance through job satisfaction. 5) Job satisfaction has a significant effect on employee performance.

Keywords: Job Satisfaction, Leadership, Performance, Performance

Introduction

Ability and motivation determine performance. A person needs a specific amount of talent and willingness to finish a task or job. Without a clear grasp of what has to be done and how to achieve it, a person's willingness and abilities are insufficient to accomplish a task. (Rivai, 2015). Work performance or organizational performance can be measured relative to the accomplishment of tasks and duties assigned by the organization within a certain time frame, and employee performance is a metric that can be used to compare outcomes. Performance appraisal is one way to improve employee performance, because with performance appraisal it will be known how well someone has worked according to the targets they want to achieve. Allen (1993) (Heriyanti and Putri 2021) states the ideal condition is job satisfaction as a factor influencing performance will result in the fulfillment of the quality of human resources. The topics of factors influencing an individual's job satisfaction and job satisfaction itself are inextricably linked.

One of important criteria that determine the health of an organization is job satisfaction is, providing broad service effectiveness by relying on human resources (Fitzgerald et al. in Crossman,

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2013) and the experience of employee job satisfaction will influence the quality of work they provide. Other influences on efficiency, such as infrastructure and internal relations, must also be considered. Based on many previous studies on the role of leadership in improving employee performance (Heather et.al, 2011; Chen, 2014), leadership influences employee job satisfaction (Bryan, 2016). According to Bass et.al (2013), organizational culture and leadership have been independently linked to company performance. Researchers have tested the relationship between leadership style and performance (Bass et. al, 2013) and proved that effect corporate culture and performance (Abdul Rashid et. al., 2013).

The issue of job satisfaction will be implemented and fulfilled if several influencing variables are very supportive. Every leader can have an influence on his subordinates, for example on job satisfaction and employee performance. It is realized that there is no single best leadership style that applies universally to all situations and environments, so a situational or contingency approach in choosing an effective leadership model is the best alternative answer (Handoko 2011). Leadership ability to mobilize and empower employees will influence employee performance. Lodge and Derek (2013) stated that leader behavior has a significant impact on employee attitudes, behavior and performance. The traits of his subordinates have an impact on a effectiveness of leader's performance, which is linked to the communication process that takes place between a leader and their followers. If a leader is unable to inspire, organize, and fulfill the needs of workers in a specific position and setting, then it is considered that he has failed. It is the duty of a leader to empower followers to be competent and to grow in their ability to foresee every opportunity and difficulty at work. Leadership describes a leader's form of governance and their ability to achieve effective performance through other people.

It is imperative that managers give careful consideration to the work environment within their organization. despite the fact that the production process is not carried out at the workplace. A environment culture that prioritizes its workers can boost output, whereas an inadequate environment can reduce employee performance and ultimately employee work motivation. A work environment is said to be good or suitable if people can carry out activities optimally, healthily, safely and comfortably. Over an extended duration, the appropriateness of the work setting can be seen as a consequence. Furthermore, inefficient work spaces hinder the development of an effective work system design and can need additional time and effort.(Sedarmayanti 2011).

This research is also an extension of research variables that influence employee performance. According to (Yuwalliatin 2006) employee performance is influenced by commitment, motivation and culture, according to (Waridin and Masrukhin 2006) what influences employee performance is work motivation, job satisfaction, organizational culture and leadership. According to Lilik (2009), another factor that companies need to pay attention to is the work environment because it is closely related to the level of employee satisfaction. If the work environment is good then this can have a positive influence on employee performance, and vice versa. According to (Koesmono 2015) employee performance is influenced by motivation, organizational culture and job satisfaction. According to Samad (2015) employee performance is influenced by job satisfaction and organizational commitment.

The object of this research is regional government company which business in drinking water at Tirta Kampar which is a company owned by the regional government of Kampar Regency. Based on the data obtained, it is known that the level of employee absenteeism and tardiness has decreased, which indicates good performance. Furthermore, it can also be seen that there is an increase in the number of new installation requests and the number of customers every month. Employees can meet targets and complete installation requests that exceed the company's initial target. However, on the other hand, from initial observations it appears that leaders are often not at work. Coming not according to the work hours set by the leadership of the Tirta Kampar Drinking Water Company Company. Many employees find it difficult to ask their leaders about difficulties

in their work because they are often not in the office. This shows the lack of good leadership at the Tirta Kampar Drinking Water Company Company. Interviews with multiple employees revealed that goals and action plans at every organizational level are not sufficiently coordinated, and that policies made addressing employee interests have not taken into account the desires of the workforce, indicating weak of communication relationships between leadership or management and employees at Tirta Kampar Drinking Water Company Corporation. Furthermore, evaluation of the performance of each work unit is inadequate. The lack of employee information channels means that information about the company's state is still deemed insufficient.

The real of work environment at Regional Drinking Water Company Tirta Kampar obtained from initial observations shows that the office space is cramped. Most of the space in the 5x3 m office is used for 5 employees, each of whom has a work desk. There is no distance between work desks between employees and the walking distance is 50 cm. Employee mobility can occasionally be impeded by this, particularly when a worker is hosting visitors in the workplace. The space appears even more crowded and small because of the filing cabinet that is positioned in one of the corners. The majority of offices still utilize electric illumination since natural light cannot enter the interior. The office area lacks an air conditioner, which would allow for better air circulation, keeping the air fresher and possibly boosting staff morale. Apart from the lack of air conditioning, in each office room there is only 1 computer supporting facility, the rest of which hinders employees' work. Based on the research problem, namely absenteeism, customer development data and the results of the Regional Drinking Water Company Tirta Kampar employee satisfaction survey in 2021 which shows employee job dissatisfaction. This study purposes to examine direct effect leadership and work environment on employee performance at Regional Drinking Water Company Tirta Kampar. This study also examines indirect effect of leadership and work environment on employee performance at Regional Drinking Water Company Tirta Kampar. Main investigation in this study analyzes job satisfaction as intervening the relationship work environment on employee performance at Regional Drinking Water Company Tirta Kampar.

Performance is the outcome or degree of an individual's total effectiveness throughout a given time period in completing activities in comparison to standard work results, targets, objectives, or mutually agreed-upon standards that have been decided upon in advance. (Rivai and Basri 2016). According to (Hasibuan 2016) performance is a work result achieved by a person in carrying out his duties based on business skills and opportunities. According to (Mangkunegara 2016) performance is the work result that can be achieved by an employee in carrying out his duties in accordance with the responsibilities given to him. Then (Mathis and John 2011) stated that employee performance is basically what employees do or do not do which influences how much they contribute to the organization, which includes, among other things, the quantity, quality and time period of output, attendance at work. So, it can be concluded that performance is the work results achieved by a person in carrying out the tasks or work assigned to him.

There are several influencing factors to achieve satisfactory performance, including: individual factors and environmental factors. The factors that influence employee performance as stated above can basically be internal employee factors and external employee factors. Internal factors include, among other things, the employee's own behavior, for example regarding his abilities, attitude in carrying out tasks, motivation in working. Meanwhile, external factors can be the work environment, organization or superior or leadership of the employee concerned. Empowerment of subordinates and division of functions has a positive relationship with the level of employee job satisfaction which is determined by subordinates' perceptions of environmental conditions in the workplace (Jatiningrum, Fauzi, and Utami 2022).

Joseph Tiffin in (Asad, Mohajerani, and Noursersh 2016) said that job satisfaction is an employee's attitude towards work, work situations, cooperation between leaders and fellow

employees and M.L Blum defines job satisfaction as a general attitude as a result of various individual specific characteristics regarding work factors, characteristics. individuals and individual social relationships outside the work itself. According to (Andi 2012), (Koesmono 2015) stated that an employee assessment, sentiment, or attitude toward their work is known as job satisfaction. It is influenced by a variety of factors, including the work environment, nature of the task, pay, connections with coworkers, and social interactions at the office. Therefore, it can be claimed that achieving several wants and desires through work or work-related activities constitutes job satisfaction.

Someone with positive feelings are associated with a high level of job satisfaction, whilst negative ones are associated with dissatisfaction. Thus, work outcomes like organizational members' attitudes, job changes for organizational members, absenteeism, tardiness, and complaints that frequently arise in an organization can all be used to gauge an organization's degree of job satisfaction. Job satisfaction influences employee turnover and absenteeism rates. If employee job satisfaction increases, employee turnover and absenteeism decrease. The influence of employee job satisfaction can improve employee performance because they feel that their work needs have been met so that employees are more comfortable carrying out their work. Continuously (Jatiningrum, Fauzi, and Utami 2022) increasing employee performance can also encourage increased organizational performance Because they feel involved in achieving organizational goals, employees are truly motivated to achieve organizational goals and gain greater satisfaction. Leadership is the ability to influence other people to achieve goals with enthusiasm (David, Keith and John, 2012). Achmad Suyuti (2011) what is meant by leadership is the process of directing, guiding and influencing the thoughts, feelings, actions and behavior of other people to be moved towards certain goals.(Dubrin 2015) stated that leadership is an endeavor to persuade a large number of people through communication in order to accomplish goals; a means of persuading people by commands or directives; actions that prompt others to act or react and bring about positive change; a significant dynamic force that inspires and unites the organization in order to accomplish goals; and the capacity to foster a sense of confidence and support among subordinates in order to accomplish organizational goals. According to John M. Ivancevich (2006), leadership is a process of influencing other people to support the achievement of relevant organizational goals. Robbins and imothy (2013) state that leadership is the ability to influence a group to achieve a vision or set of set goals. (Sopiah et al. 2020), managerial leadership is a process of directing and influencing activities related to the tasks of groups. The situation or place where a person carries out their duties and obligations and can influence employees in carrying out their assigned tasks (Nitisemito, 2012). The work environment includes coloring, cleanliness, air exchange, lighting, music, security and noise (Nitisemito, 2012). There are two different types of work environments: The physical conditions around the workplace can have an impact on employees, either directly or indirectly. This is known as the physical work environment. b) All situations that arise that are connected to work interactions, including those with supervisors, coworkers, and subordinates, make up the non-physical work environment (Sedarmayanti 2011).

Prior research serves as a crucial foundation for the preparation of this study. It is used to ascertain the outcomes of earlier research projects as well as as a comparison and illustration that can support further research activities. Furthermore, research conducted by (Wahyudi, Ruslan, and Cahyono 2021), concluded that job satisfaction has a significant effect on employee performance positively, it mean that employees feel more satisfied it will improving the employee performance. Job satisfaction cannot mediate the influence of organizational commitment on employee performance and job satisfaction can mediate the influence of the work environment on employee performance. Line with study (Damayanti, Hanafi, and Cahyadi 2018), the results of this research prove that there is a strong and significant influence between job satisfaction and employee performance at the Siti Khadijah Islamic Hospital, Palembang, South Sumatra. (Fahira and Yasin

2021), found that to improve employee performance at PT. Indomaju Textindo can strive to maintain and improve employee emotional intelligence as well as a safe and comfortable work environment. This research also shows that companies need to pay attention to employee job satisfaction first before trying to improve employee performance.

The most important dependent variable in the world of industry and corporate psychology is performance. One of the main concerns in manufacturing companies is focused on developing employee productivity, a function of work measurement (Borman, 2014). Greguras (2016) defines performance as the level at which organizational members contribute to achieving organizational goals. Employee contributions can increase with leadership and a good work environment. The performance indicators used in this research are work quality, quantity, production time, effectiveness, independence and work commitment. Job satisfaction is one measure that determines the health level of a company; contributes to the extent of work effectiveness that depends on human resources (Fitzgerald et al, 2014) and employees' experience of job satisfaction will influence the quality of work they provide. Employee job satisfaction is influenced by one of the relationships between human resources in a company. Indicators of job satisfaction in this research are the job itself, payment, promotion, supervision and coworkers.

Leadership is the main characteristic of company performance which has the nature of the activities of management people and directs their efforts towards the company's goals and objectives. There must be appropriate behavior to improve the company. The relationship between superiors and subordinates, leadership plays an important role. As a leader who has power, he can support the creation of a conducive work environment. Ability, need for achievement, intelligence, assertiveness, self-confidence and initiative are indicators in this research. A business should move beyond traditional rules and comfort areas to look at new ways of working. Companies must create a work environment where the people who work in them feel comfortable working, feel that they have a purpose, have pride in what they do and can maximize their potential. In this research, the work atmosphere, relationships with co-workers and the availability of work facilities are combinations that can be used. Based on this description, the framework of thinking in this research can be described as follows :

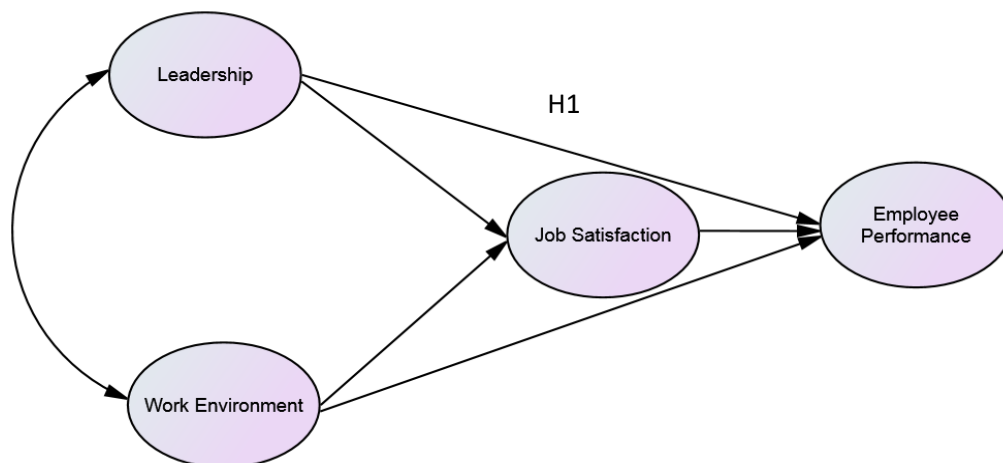


Figure 1: Conceptual Framework

Furthermore, the hypothesis of this research is:

- H1: There is a direct positive influence of leadership on employee performance.
- H2: There is a direct positive influence of the work environment on employee performance.
- H3: There is an indirect positive influence of leadership on employee performance.

H4: There is an indirect positive influence of the work environment on employee performance.

H5: There is a positive influence of job satisfaction on employee performance.

Methods

This study is quantitative descriptive research, research that includes collecting data to test hypotheses or answer questions regarding the latest status of the research subject (Kuncoro 2011). This research will be carried out at Regional Company Drinking Water Tirta Kampr, which is located on Jalan Jenderal Sudirman No.107 Bangkinang City, Bangkinang District, Kampar Regency, 28463. The time of this research starts from June 2023 until August 2023. This research data consists of primary data and secondary data. Data collection techniques in this research are questionnaires, documentation and research files. The population is all research subjects (Arikunto 2010). The total population in this study was 76 people who were employees of Regional Drinking Water Company Tirta Kampr, where this number did not include the 3 directors. The entire population was sampled, so the sample collection technique was carried out using the census method. The descriptive percentage analysis method was used to examine the variables in this research which consisted of leadership, work environment, job satisfaction and performance. This method uses the following formula:

$$\% = \frac{n}{N} \times 100\%$$

Information:

n = Total score of respondents' answers; N = Number of ideal scores; % = Percentage rate

Furthermore, this research also uses path analysis, which according to (Sugiyono 2021) is a development of linear regression analysis, therefore regression analysis to be a special form of path analysis. Path analysis is used to describe and test models of relationships between variables in the form of cause and effect. The path model is a diagram that connects independent, intermediate and dependent variables. There are two dependent variables in the model, namely Y₁ and Y₂. As a consequence, two dependent equations are obtained, namely equation 1 which shows the relationship between overall job satisfaction (Y₁) with two variables (X₁, The regression equation:

$$Y_1 = \beta_1 X_1 + \beta_2 X_2 + \varepsilon_1$$
$$Y_2 = \beta_1 X_1 + b_2 X_2 + b_3 Y_1 + \varepsilon_2$$

Information:

Y₂ = Employee Performance;

Y₁ = Job Satisfaction;

β₁ = leadership regression coefficient

β₂ = Work Environment Regression Coefficient; X₁ = Leadership; X₂ = Work Environment

ε = Outside factors

The degree to which variations in the dependent variable can be explained by the model is fundamentally gauged by the coefficient of determination (R²). Between zero (0) and one (1) is the coefficient of determination value. A low R² value indicates a very limited ability of the independent (free) variables to explain changes in the dependent variable. According to (Ghozali 2006), a number near one indicates that the independent factors almost entirely explain the variances in the dependent variable. When it comes to time series data, the coefficient of determination is typically large, while it is very low for cross-sectional data.

Results

Before testing the hypothesis in this research, it is first necessary to test the validity of the research instrument. The results of convergent validity and discriminant validity testing showed that all instruments for each research variable were declared valid because they had a loading factor value above 0.7 and the AVE value for all variables was greater than 0.5. After carrying out validity testing, it is necessary to carry out a reliability test on the instrument. The results of testing the reliability of the instrument for each variable are obtained as in Table 1.

Table 1: Reliability Test Results

Construct	CA	CR	1	2	3	4
Leadership	0,917	0,933	0,751			
Job Satisfaction	0,914	0,914	0,643	0,770		
Employee Performance	0,887	0,909	0,226	0,527	0,775	
Work Environment	0,880	0,890	0,283	0,526	0,675	0,824

Source: Data Processing Results

The reliability test results for the instruments that were deemed legitimate in the prior test are displayed in Table 1. The variables that have values above 0.7 for Composite Reliability (CR) and Cronbach's Alpha (CA) are leadership, job satisfaction, performance, and work environment. As a result, each variable under study is determined by all legitimate instruments being deemed credible. Testing the PLS-SEM model is the next step in the analytic process to see whether or not it can be used as a tool for hypothesis testing or analysis. Table 2 displays the outcomes of data processing for the fit model test.

Table 2: Model Fit Test Results

	Saturated Model	Estimated Model
SRMR	0.031	0.031
d ULS	8.519	8.519
d G	3.845	3.845
Chi-Square	1228.150	1228.150
NFI	0.513	0.513

Source: Data Processing Results

From Table 2 you can see the results of the fit model test where the Standardized Root Mean Square (SRMR) value was obtained at 0.031. This value is lower than 0.1. This means that the SRMR value is lower than 0.1 or $0.031 < 0.1$. These results explain that the model or data analysis tool used for hypothesis testing in this research is appropriate or fit. Thus, the model is said to be suitable for use as an analytical tool and hypothesis testing tool in this research. Then, from the results of data processing, the R-square value of this research model is obtained, as in Figure 2 and Table 2.

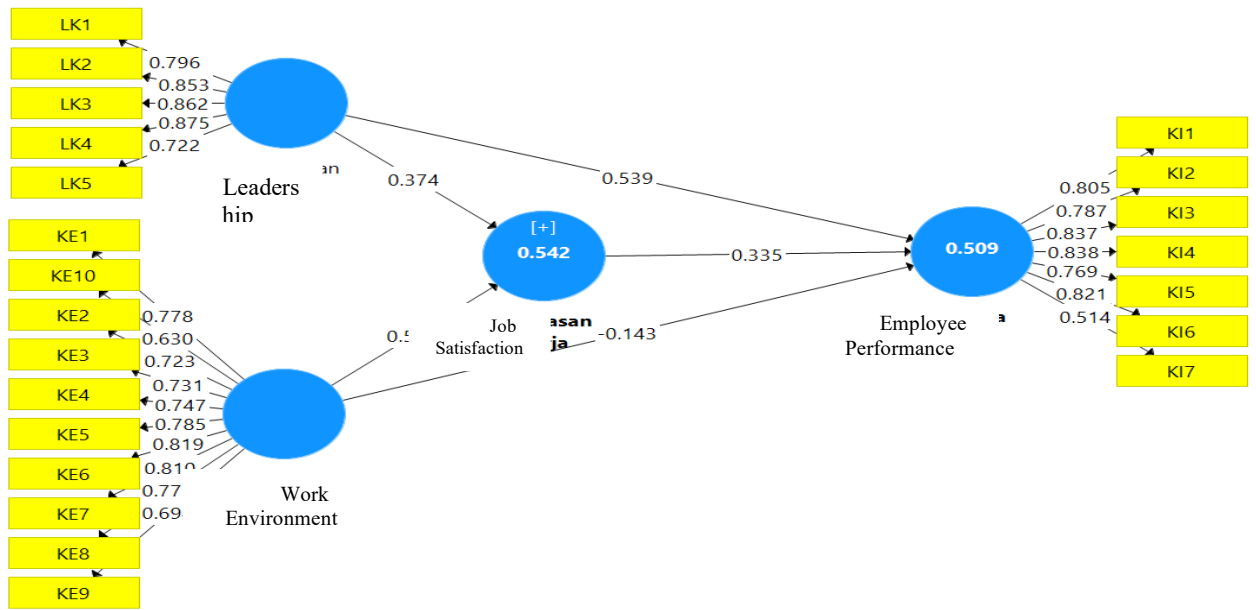


Figure 2: Coefficient of Determination (R-Square)

Source: Data Processing Results

Furthermore, from the results of data processing, the R-Square and R Square Adjusted values can be seen in Table 3;

Table 3: R-Square and Adjusted R Square Values

	R Square	R Square Adjusted
Job Satisfaction	0.549	0.537
Employee Performance	0.563	0.545

Source: Data Processing Results

According to Figure 2 and Table 3, it can be seen that the R-square value of the path to the dependent variable of job satisfaction is 0.549, meaning that leadership and the work environment are able to explain the dependent variable, namely job satisfaction, of 54.9%, while the remaining 45.1% is determined by the variable others that were not included in the research model. The path dependent variable performance R-square value was 0.563, indicating that variations in performance could be explained by the leadership, work environment, and job satisfaction factors for 56.3% of the variance, with other variables outside the model for the remaining 43.7%. Thus, it can be concluded from the data processing results that the variables examined in this study and the model structure are good, indicating that the dependent and independent variable selection is good. It means that the selection of dependent and independent variables is good, and the moderating variable, namely satisfaction, still plays a strong role in mediating the relationship between leadership and environmental variables. performance. Then the results of testing the hypotheses proposed in this research are as shown in Table 4.

Table 4: Hypothesis Testing Results

	Hipotesis	Direct Effect	Indirect Effect	Conclusion
1	Leadership -> Employee Performance	-0.143 (0.182)	-	Not Significant
2	Work Environment -> Employee Performance	0.539 (0.000)	-	Significant
3	Leadership -> Job Satisfaction -> Employee Performance		0.180 (0.018)	Significant
4	Work Environment -> Job Satisfaction -> Employee Performance		0,125 (0.022)	Significant
5	Job Satisfaction -> Employee Performance	0.335 (0.009)	-	Signifikan

Source: Data Processing Results

Discussion

1. Direct Influence of Leadership on Employee Performance

The results of this research found that direct leadership did not have a significant effect on employee performance at Regional Drinking Water Company Tirta Kampar. This condition is thought to be because Regional Drinking Water Company Tirta Kampar is a regional company, so the leadership is not motivated to achieve the targets that have been set, and this has no impact on the performance of the employees they lead. The results of this research are in line with research conducted by (Asbari et al. 2020). Where they conducted research with the title "The Influence of Transformational Leadership on Employee Performance: The Role of Readiness to Change as a Mediator". The results of his research concluded that transformational leadership does not have a significant influence on the high or low levels of employee performance in the automotive industry. However, it turns out that the confidence and spirit of readiness to change in employees is able to maintain good performance.

However, the results differ from research conducted by (Sari, Zamzam, and Syamsudin 2020), who conducted research with the title "The Influence of Leadership, Compensation and Motivation on Employee Performance". Where the research concluded that leadership partially had a significant effect on employee performance, while compensation and motivation had an insignificant effect on employee performance. Leadership in the BUMD (Regionally Owned Enterprise) organization, currently the company is experiencing a decline in performance, this can be caused by management failure in managing its employees, the success of a company can be determined by reliable human resources. Human resources are important in an organization, apart from that, human resources must have qualified abilities in their field and are expected to have good performance. Employee performance in organizational institutions is one source of benchmarks for assessing the quality of an organizational institution.

2. Direct Influence of the Work Environment on Employee Performance

The results of this research prove that the work environment directly has a significant effect on employee performance at Regional Drinking Water Company Tirta Kampar. This means that work environment is more conducive, the more employee performance will increase and vice versa. Thus, creating a conducive work environment is naturally the responsibility of the leadership in the company. Both physical and non-physical environments. Currently, Regional Tirta Kampar Drinking Water Company has organized various agendas aimed at creating good emotional relationships between fellow employees and employees and superiors. These include regular meetings scheduled every Monday, which aim to convey ideas and problems encountered while working, and other similar activities.

The results of this research are in line with research conducted by (Harmon and Lestary 2017). It documented that the work environment and employee performance in the Detail Part Manufacturing Division of the Production Directorate of PT Dirgantara Indonesia (Persero) had a moderate positive relationship and the work environment had an effect on employee performance. Consistency result study by (Komarudin 2018), concluded that there is a significant influence of the job satisfaction variable on employee performance at PT. Pos Indonesia Depok. According to these findings, employee performance will rise in an atmosphere that is more conducive to their needs and, conversely, will decline in an environment that is less conducive.

3. Indirect Influence of Leadership on Employee Performance Through Job Satisfaction

The results of this research prove that job satisfaction acts as a moderating variable in the relationship between leadership and employee performance at Regional Drinking Water Company Tirta Kampar. This means that job satisfaction can strengthen the influence of leadership on employee performance. As is known, the results of testing the first hypothesis

show that leadership has no significant effect on employee performance. However, there is a job satisfaction variable that mediates the influence of leadership on performance. From the research results, it can be explained that the better the leadership, the more employee job satisfaction will increase and as a result, employee performance will also increase, and vice versa.

The results of this research are in line with research conducted by (Suprpta 2015) Made which conclude that there is a positive and significant influence between leadership on job satisfaction, positive and significant between leadership and performance. Similarly, there exists a noteworthy and affirmative correlation between job satisfaction and employee performance. The outcomes are consistent with study by (Rizaldy 2021), which found that transactional leadership significantly and favorably affects worker performance. At the Malang district tax service office, job satisfaction can mitigate the impact of transactional leadership on worker performance.

4. Indirect Influence of the Work Environment on Employee Performance Through Job Satisfaction

The results of this research are also able to prove that job satisfaction variables can strengthen the influence of work environment variables on employee performance at Regional Drinking Water Company Tirta Kampar. This means that the more conducive the work environment is, the more employee job satisfaction will increase and ultimately employee performance will also increase, and vice versa. A conducive work environment means that there is a good cooperative relationship within the company, communication runs harmoniously so that the work coordination process runs smoothly and employee satisfaction is achieved. Satisfied employees will have high work morale so that the employee's performance increases.

The results of this research are in line with research conducted by (Fahira and Yasin 2021). The findings show that emotional intelligence and the work environment have a direct effect on employee performance. This is also in line with research conducted by (Wahyudi, Ruslan, and Cahyono 2021), they conclude that job satisfaction is positively correlated with the work environment, which means that higher job satisfaction corresponds with better work environment design. Employee performance is positively impacted by the work environment, hence higher employee performance will be encouraged by improved work environment design. Furthermore, the impact that the workplace environment has on worker performance can be mitigated by job satisfaction.

5. The Effect of Job Satisfaction on Employee Performance

This research proves that job satisfaction has a significant effect on employee performance at Regional Drinking Water Company Tirta Kampar. This means that the more job satisfaction increases, the more employee performance will increase and vice versa. With job satisfaction, employees feel comfortable at work, so that work results will be maximized. The results of this research support research conducted by (Damayanti, Hanafi, and Cahyadi 2018). These findings demonstrate that job satisfaction and employee performance are highly and significantly correlated. at the Siti Khadijah Islamic Hospital, Palembang, South Sumatra. The results of previous research conducted by (Hasibuan 2016) concluded that work decisions have a direct and significant effect on employee performance.

Conclusion

The study explored direct and indirect relationship leadership and work environment on employee performance at Regional Drinking Water Company Tirta Kampar. This study also

examines indirect effect of leadership and work environment on employee performance at Regional Drinking Water Company Tirta Kampar. Main investigation in this study analyzes job satisfaction as intervening the relationship work environment on employee performance at Regional Drinking Water Company Tirta Kampar. Using Smart PLS analysis, the findings reveal that there is no significant direct influence of leadership variables on employee performance. The work environment has a direct and significant effect on employee performance. For intervening variable this study shows that leadership is proven to have a significant indirect effect on employee performance through job satisfaction. The work environment is proven to have a significant indirect influence on employee performance through job satisfaction. Job satisfaction has a significant effect on employee performance.

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